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SUBJECT: KAZAKHSTAN - DEMARCHES DELIVERED ON FOOD SECURITY
INITIATIVE, EXPORT RESTRICTIONS, AND BIOTECHNOLOGY

REF: (A) STATE 52628 (B) STATE 53346 (C) STATE 53353

11. (SBU) On May 22, Pol-Econ Chief delivered ref A, B, and C demarches to Kazakhstani Vice Minister of Agriculture Dulat Aitzhanov, explaining the USG approach to the global food crisis, the President's global food security initiative, and USG positions on Doha, food staple export restrictions, and biotechnology.

12. (SBU) In response, Aitzhanov explained to Pol-Econ Chief that the reason the Kazakhstani government had imposed a temporary ban on wheat exports in April was to ensure domestic food security and thus avert any possibility of social or political instability that could result from shortages. The government needed to hedge against the prospects of a bad 2008 wheat harvest. Aitzhanov said that during the July-August period, the government should know how the overall harvest will turn out, and thus the export ban could actually be lifted as early as August 1. (Note: The government's public position is that the temporary ban will be reviewed on September 1. End Note.) In exigent circumstances, Kazakhstan could permit humanitarian wheat exports to specific countries, such as Tajikistan, even before then. All indications thus far, Aitzhanov stressed, point to a successful 2008 harvest. He told Pol-Econ Chief that Kazakhstan's annual domestic wheat consumption is approximately 9 million tons. Last year's harvest yielded 21 million tons, and even in a worst case scenario, an annual harvest should result in at least 13 million tons.

13. (SBU) Regarding U.S. objectives for Doha, Aitzhanov reminded Pol-Econ Chief that agricultural subsidies are an issue in Kazakhstan's ongoing WTO accession negotiations with the U.S. He contended that a compromise on this issue is necessary given that so many countries -- notably the U.S. -- provide significant subsidies to their agriculture and food processing sectors.

14. (SBU) Turning to biotechnology, Aitzhanov said that Kazakhstan would soon ratify the Cartagena Protocol, perhaps in the coming days. Kazakhstan, he explained, is ready to import GMO seeds, so long as they have undergone the proper analysis to ensure their safety. Importation of GMO food products, however, is a more complicated issue, because of opposition in parliament.

15. (SBU) Prior to the meeting with Aitzhanov, Post shared the substance of the demarches with the World Bank office in Kazakhstan, and confirmed that their views are consistent with ours. They informed us that on April 30, World Bank representatives met senior Kazakhstani officials, including Prime Minister Masimov, to discuss agriculture sector reform. The World Bank representatives conveyed to their Kazakhstani interlocutors that agricultural export restrictions are harmful and market-distorting. While the Kazakhstanis

promised that they would take the Bank's views under consideration, they explained that the government's decision to ban wheat exports resulted from concerns about domestic supplies and the need to ensure the food security of vulnerable population groups -- which is fully consistent with what Aitzhanov told Pol-Econ Chief.

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